

US EXECUTIVE APPROVAL FORM

CUSTOMER NAME: Target Corporation

SECTION I – Additional Approval Requests:

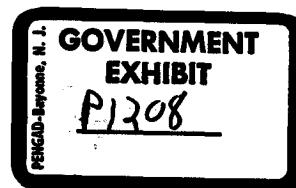
1. Request approval to use simplified customer reference language (std option)
2. Request approval to JE half of the cost of the benchmark test (approx. \$100K) to consulting to fund the benchmark test approved previously and add language which will clarify that customer will not pay the cost of the benchmark.
3. Add language that after the end of the 5 year price hold, if customer has purchased and continuously maintained support on the licenses on this order and all incremental add on's, oracle will extend the existing price hold for an additional 3 years.
4. Increase the support cap by stating that after the 5 year flatline(renewal years 1-4 as previously approved), renewal years 5-7 will be at 3%.
5. Request approval to include in the OD the Matching Service Level paragraph from the TS policy.
6. Customer has requested the following paragraph be added to the order document as a box they would check to elect to purchase maintenance. They feel that they avoid taxes on support if they are given the option on the document to purchase or not purchase support. Oracle would need to modify to remove issues like conflicting support caps and to put it into Oracle lingo in order to fit smoothly into the OD. We would also want to add language that states that if a taxing authority deems they owe tax, then they must pay it so that Oracle does not get stuck with it. Customer's issue is that they had the option to buy support in the first order, for which they will elect yes. They then want it clear that they have the option to renewal each year, which they do, and Travis feels below that we can protect ourselves by incorporating the matching service level policy to clarify that they have the option so long as they don't violate this policy.

"Maintenance Fees. If Customer exercises its option to obtain Maintenance, Customer shall pay to Licensor the Maintenance fees set forth on the applicable Schedule. Unless otherwise set forth in a Schedule to this Agreement, Licensor agrees that all Maintenance shall be provided at a rate equal to SPELL NUMBER % percent (ADD NUMBER %) of the license fee paid by Customer to Licensor for the Software Materials set forth in the applicable Schedule. The Maintenance fee for all Software licenses shall remain the same for the first two (2) years after the Installation Date of the Software. Licensor shall not increase the Maintenance Fee for the Software unless such Maintenance fee is increased for all of Licensor's customers, whereupon Licensor may then increase the Maintenance fees payable with respect to Software one (1) time per year. Any such fee increases shall be limited to the lesser of the Maintenance Cap or Licensor's then published fee increase. With respect to Software Materials licensed after the Effective Date of this Agreement, the first annual Maintenance fees for each such Software license may be prorated so that all Maintenance fees payable by Customer to Licensor under this Agreement are thereafter due and payable on the same dates."

OSSINFO Comments (Travis):

If this has to go in there (although not ideal), then we could also add our Matching Service Level Policy to the document to make it clear that this does not exempt them from it. We could add some language so that Target understands that although they have the option to purchase Maintenance, they must also abide by Oracle's Technical Support Policies in effect at the time, and the Matching Service Level Policy and License Set Definition.

HQAPP approval would be required, but I think that this might be able to address both our concerns.



Tax (Bob Kahlers) Comments:

In most states this language is not going to make a difference. We're going to exempt Support Services from taxation and charge tax on Support Updates. This language is not going to change that. This language probably would have made more of a difference when we used lump sum billing for Support.

I don't see a problem with the inclusion of this language in the agreement. But, the customer should be made aware that we're going to charge tax on Updates.

After confirmation of Minnesota as ship to state: "The inclusion of this language in the agreement is not going to change how we tax the support fees. The customer may be concerned that there's a possibility that the State could force us to charge sales tax on the Support Services fee. This can happen in situations where the purchase of services is mandatory with the purchase of taxable property. This has never been raised as an issue by any State tax authority. This language could protect the customer from the possible taxation of Support Services."

FYI: There is a consulting deal being worked in parallel.

All below this line approved by HQAPP on 6/24/03 "Approved worst case by LJE as requested, subject to revrec based on testing and payment terms."

HQAPP Requests:

1. Request approval for two pricing scenarios, both discounted at 98% (draft at 97%); one for a four year term (standard 60% of perpetual for term list) and one for perpetual. Same programs and quantities for both. Keith will personally decide if we need to go further than 97% discount (\$which is the \$3m perpetual license case), but asking for the extra discount up front since this is a short cycle.
 - a. If they go Term, , give then two options.
 - i. a 5 year price hold on perpetual licenses, at 98% (or 97% if that is what gets executed for the term) on the same programs
 - ii. at the end of the 4 year term, offer a 1 year term price hold , at 98% (or 97% if that is what gets executed for the term) on the same programs
 - b. If they go Perpetual, give them a 5 year price hold for the same programs/discounts as executed on this order.
2. Technical Support; 4 renewals at 0% cap (5 year flatline) for the perpetual option; 4 year flatline for term option and additional purchases after the up front buy would be coterminus to tie in to the up front support caps
3. Show bottom line Net L+S Fees only because of the nose to nose competition with PeopleSoft. We don't want the possibility of psft seeing these details.
4. Worse Case: add language for a benchmark that Oracle and Target will provide a scalability and performance benchmark within 90 days, if the results are unacceptable, Oracle will return the order. Goal is for 60 day benchmark, so we can recognize in Q1.
5. Request 90 day payment terms (worst case, will coincide with the time period for the benchmark). Revenue will not be recognized until the end of 90 days. Jeff Henley is highly engaged with this customer.

NOTE: iRecruitment is on controlled availability and will also need developments approval to include in this deal.

TIER 1 Requests:**TIER 2/3 Requests:**

1. Allow assignment to an acquiring entity that is assuming all or substantially all assets and liabilities.
2. Standard Divestiture language

Previously approved requests (include date of approval):

- 1.
- 2.

SECTION II – Deal Summary:

	Deal Summary - Perpetual	Deal Summary - Term
Programs	380,000 Persons of HR, SS HR, Advanced Benefits, Payroll, HR Int., iRecruitment, iLearning	380,000 Persons of HR, SS HR, Advanced Benefits, Payroll, HR Int., iRecruitment, iLearning
License Discount	98% worst case	98%
Support Discount	98%	98%
Support Options/Holds	5 year flatline	5 year flatline
Price Holds	5 years	5 year price hold on purchased products
List License	99,940,000	(Term List Price) 59,964,000
List Support	21,986,800	21,986,800
Net License	1,998,800 (\$3m at 97%)	1,199,280
Net Support	439,736	439,736
Net Total Price	2,438,536	1,639,016
Price List Used	May 30, 2003	May 30, 2003

Customer History - Existing Price Holds	
Existing contractual discount (price hold)	Technology – UPU's – 70% w/ minimum purchase of \$1M
Date of Price List for price hold	March 2001
When does price hold expire?	March 29, 2004
Price hold program categories (database, server, erp, crm, hr/payroll, app suite)	HR/Payroll
Name of Agreement if applicable	SLSA-224707-29-Fcb-96

SECTION III - Justification:

Target has been approached by PSFT to make a decision on their HR/Payroll project by Monday June 30. This is the end of their quarter and are wanting to get a marquee name on their user list to demonstrate to the marketplace that large customers are still willing to make investments in PSFT.

We had a meeting with Target executives and Jeff Henley on June 24 to make Target more comfortable with the pending acquisition and what it means to them should it go through. Jeff has committed to the customer that we will work to get a deal done by June 30, 2003.

Based on conversations with the customer, both last night and today, Oracle can win this business with a 5 year TCO in license and support of \$9M. OCS can win this business with an implementation plan that does not exceed \$8M.

In order to get this done by Monday June 30, customer is willing to work around the clock. We need Oracle to make the same commitment in order to get this deal done.

Recommendation:

Approved as requested with the following specific comments:

Item #3 -PH Term. Approved at 5 years with extension for 3 years provided customer has acquired minimum of 500k seats.

Item#7 - Approved with ossinfo comments that we must add matching support language. In addition team must make it clear per Bob K that we will be charging tax on updates. If they argue this point upon billing we will hold team accountable.

Submitted By: *(fill in rep name and AVP name here)*

Al Masini, ASM - 847-638-1244

Steve Wellen, AVP 713-750-5097, Runk, Block

R: 6.25.2003

C: 6.25.2003

L: 6.25.2003

A: 6.25.2003

BP: ra